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C O N F I D E N T I A L SECTION 01 OF 03 SARAJEVO 000513

SIPDIS

DEPARTMENT FOR EUR (JONES); EUR/SCE (FOOKS/MCGUIRE)

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SUBJECT: BOSNIA - DODIK MAKES NICE AND ISSUES WARNINGS

Classified By: Ambassador Charles English. Reasons 1.4(b) and (d).

¶1. (C) SUMMARY: Over lunch on the 17th floor terrace of the Republika Srpska (RS) Government building on April 16, RS Prime Minister Milorad Dodik and the Ambassador discussed a range of issues, including outstanding elements of OHR's 5 2 agenda, the state-level investigation of the PM over, among other things, corruption related to the construction of that very building, constitutional reform, TRANSCO and media freedom. The Ambassador urged Dodik to engage constructively on further reforms, especially state and defense property. He also reminded Dodik that the USG had invested too much into Bosnia not take an active interest in its future, including support for constitutional reform. Dodik was optimistic about the prospects for resolving defense and state property, but attacked state-level law enforcement and judicial institutions, claiming the investigation against him was purely political. Dodik warned that he would fight it democratically and politically. Dodik argued that constitutional reform should be a locally-driven process, adding that the U.S. should not draft constitutional amendments. The RS would not accept changes to the entity veto or the transfer of additional competencies to the state, Dodik asserted. He claimed that he was prepared to compromise on TRANSCO (despite the evidence to the contrary), and he defended his media freedom record. END SUMMARY

Dodik Eager to Resolve Moveable Defense Property

¶2. (C) The Ambassador noted USG concern over the failure to implement the Transfer Agreement on Moveable Defense property, which was concluded more than a year ago. The delay had damaged Bosnia's NATO prospects, and had left thousands of tons of excess weapons, ammunition and explosives in place, which posed a safety and security risk. The Presidency must approve a responsible plan for the disposal of surplus (WAE), the Ambassador emphasized, adding that the USG was ready to provide funds to support destruction of excess WAE. Dodik responded that he fully supports a quick resolution to this problem. He said that he would like to sell part of the excess WAE to Serbia, but added that if this will not be possible, then he does not oppose destruction as one possible solution. He added that he does not like dealing with military issues, but will do whatever he needs to do "to put this issue behind us."

Dodik Optimistic on State Property

¶3. (C) The Ambassador welcomed the Council of Minister's (CoM) decision to approve the establishment of a working group to conduct an inventory of state property the scope of which would reflect the decisions taken by the CoM in establishing the State Property Commission in 2004. It was

important that the state and entities nominated working group members quickly, so that resolution of the state property question does not drag on indefinitely, the Ambassador said. Dodik told the Ambassador that Bosnian leaders should now be able to move forward faster on resolving state property. He said that registering property that is located outside of Bosnia on the state level is not a problem. However, Dodik added that since Bosnia only needs five to ten of the 20 or so apartments it possesses in Belgrade, then some of them should be given to the RS. He said that the RS also expects to get one of the three "resorts" in Dubrovnik, adding that it does not matter which one.

Dodik Attacks the Judiciary

¶4. (C) Dodik attacked state-level judicial institutions complaining that judges and prosecutors selected by the High Judicial and Prosecutorial Council (HJPC) "think that they are only accountable to the Office of the High Representative (OHR)." He added that Article 13 of the Law on the State Court is "unacceptable" and that he would try to amend it the Bosnian Parliament. According to Dodik, the law allows the State Court to "take over any case that it wants." (Note: Article 13 provides one of, but not the only, bases for the jurisdiction of the State Prosecutor's Office in its ongoing investigation into corruption in the RS. Dodik is among those being investigated. Dodik's party allies in Parliament have already unsuccessfully challenged the constitutionality of Article 13. End Note) Dodik asked why he is "the only one" being investigated. Dodik warned that his future actions "will be driven by his bitterness over this case,"

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and added that he "goes to bed every night and wakes up every morning with this case on his mind."

¶5. (C) The Ambassador urged Dodik to be very careful and deliberate in the choices that he makes regarding the investigation. Dodik responded that he "will oppose this (i.e., the investigation) using all democratic means." Ironically, he then complained that the investigation against him was proceeding too slowly. He asked, "What kind of prosecutor decides whether there is enough evidence to proceed after six months?" He said that it was "unacceptable" that the investigation was taking so long. Dodik claimed said that he was "ready to go to court," but that he does not want to be in a position where - in the end - the investigation determines that nothing happened. "I hope I am entitled to fight - not just in court, but also democratically, since this is a political story," Dodik concluded.

Dodik Said U.S. Should Not Draft Constitutional Amendments

¶6. (C) The Ambassador asked why Dodik's Alliance of Independent Social Democrats (SNSD) voted for a proposal to establish a commission on constitutional reform in the BiH House of People's (HoP), only to immediately change its position once the matter was passed to the House of Representatives (HoR) for consideration. Dodik claimed that Party of Democratic Action (SDA) President Sulejman Tihic told SNSD MPs that he (Dodik) had approved the measure. Dodik said that he was on a plane at the time of the vote, and his MPs were unable to reach him to confirm. Dodik said that in his view, the commission should be more inclusive and include all political parties, both entities, and all other "important institutions." He said that the issues the commission can discuss should not be limited or pre-determined in advance. Dodik said that anyone should be able to submit proposals to the commission.

¶7. (C) The Ambassador told Dodik that U.S. support for constitutional reform was well known. The U.S. view was that constitutional reform must: 1) focus improving the

functionality and efficiency of state-level institutions, not the territorial reorganization of the country; 2) bring Bosnia's constitution into line with Bosnia's ECHR commitments; 3) be an evolutionary/step-by-step process that takes Dayton as its basis; and, 4) must be approached from all sides in a manner that is constructive and realistic. Ultimatums or maximalist positions from any side that rule out the possibility of reaching a compromise are unhelpful, the Ambassador added. He said that the U.S. had invested too much in Bosnia not to take an active interest in this process, and he said that the USG is willing to assist.

18. (C) Dodik responded that he has nothing against most of the principles the Ambassador outlined, and admitted that it was "logical" that the U.S. was interested in constitutional reform. However, Dodik insisted that constitutional reform be locally driven, and that locals should come up with compromise solutions. These compromises "might not include all the attributes that internationals insist on," Dodik stressed. Dodik said that it would be a problem if the U.S. drafts proposed amendments. Dodik emphasized that it would be dangerous for any constitutional reform process to allow for the possibility of "outvoting" -- "even on less important issues." Dodik said that he could not accept constitutional changes to entity voting. Dodik said that "no one serious here (i.e., in the RS) is against Bosnia," but "it will not be possible to give Bosnia any additional competencies."

Dodik Claims (Again) that Compromise Possible on TRANSCO

19. (C) The Ambassador reminded Dodik that we were at the four-month anniversary of the agreement between PMs Brankovic and Dodik to "unblock operations" at TRANSCO, but that this had not happened. He also noted that PM Brankovic had sent a letter to Dodik on February 27 requesting that Dodik require his RS officers on the TRANSCO management board to engage constructively. This was followed by a letter from the Embassy and a meeting with the EU energy commissioner, yet there still had been no progress. The Ambassador warned that the mandate of three executive directors had expired, so that there were now no authorized executive directors able to sign any invoice, bill or voucher, which could lead to a functional collapse.

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110. (C) Dodik claimed that he was flexible with regard to the company's investment plan. Up to one hundred percent of infrastructure investments this year could take place in the Federation, if that was what technical experts deemed necessary, Dodik said. He added, though, that it was only fair if the RS gets its share back (via subsequent investments in the RS) within three years. He insisted that over the long run investments must reflect the initial entity contributions to TRANSCO. Dodik agreed that TRANSCO should not be allowed to collapse, and promised to speak with Federation Prime Minister Nedžad Brankovic about resolving the company's problems.

Dodik Urge Ethnic Rotation for State Positions

111. (C) Dodik claimed that Bosnia's three positions on Council of Europe (CoE) commissions were going unfilled due to a lack of consensus over candidates. He said that he has no preference over which of the three is allocated to the RS, as long as the RS gets one. Dodik said that this was indicative of "the biggest problem in Bosnia": the selection of candidates to fill positions in joint institutions. According to Dodik, the best solution was ethnic-based rotations. For example, he said, the position of Director of the State Investigation and Protection Agency (SIPA) should go to a Serb for four years, then to a Bosniak or to Croat for four years, and so forth. When the Ambassador countered that it was more important to have the best person for the

job, Dodik insisted that there were enough skilled candidates among all three ethnicities to do both. In any case, he added, the efficiency and speed of an ethnic rotation system outweighs any possible "minor loss in skill levels" associated with taking a strictly merit-based approach to candidate selection.

Dodik on Media Freedom in the RS

¶12. (C) Dodik told the Ambassador that "people think that I control everything (in the RS), including the media." He said that he had no control over Press RS, Blic and Vecerni Novosti, saying that all three oppose his government. (Note: Two of these three dailies are based in Serbia, not the RS. End Note) Dodik called Nezavisne Novine, the RS's leading daily, "neutral," and conceded that Glas Srpske was sympathetic views towards the government. Dodik added that Alternative TV (ATV) and Bijeljina TV (BNTV) oppose his government, while Radio Television RS (RTRS) "is as it is." In addition to those, he said, there was the Federation media. Dodik said that he has a new strategy for dealing with the media. He said that the RS Government recently announced grants to the media outlets that apply for them. "We will give them some money, and then they will support us - just like in America," Dodik said.

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